Dear Members, *December / 2012*

Institutional Mission

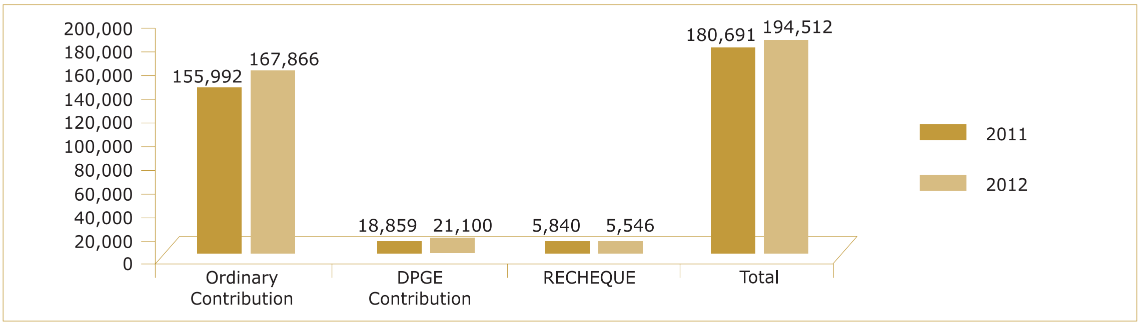
The Fundo Garantidor de Créditos – FGC is a non-profit, private civil association, with a private ownership legal personality, member of the Bank Protection Network, with an institutional mission to protect depositors and investors in the area of financial system, up to the limits established by regulation, to foster the stability of the national financial system and to prevent systemic banking crises. Its objective is to provide guarantees to depositors of member institutions, in the event a special scheme or insolvency is decreed, in special situations, via a prior agreement between the Brazilian Central Bank and the FGC, pursuant to Resolution 4,087, of May 24, 2012, changed by Resolution 4,115, of July 26, 2012, from the National Monetary Council (CMN).

Innovations: In Accordance with the new criteria set forth by resolution 4.087/12, the FGC is promoting an organizational restructuring covering the professional qualification of its employees, a review of procedures and the implementation of management systems and control.

Financial Performance

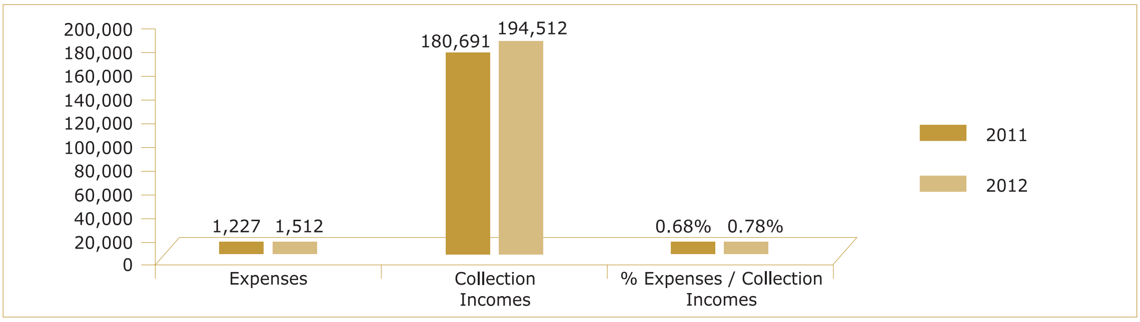
Income: The income, to pay for the guarantees to be provided by FGC, as determined in its statutory and regulatory rulings, derives from ordinary monthly contributions and special contributions from Time Deposits with Special Guarantee (DPGE), made by the associated institutions, from the national financial market, including state, private and foreign institutions and the RECHEQUE (Reserve to Promote Currency Stability and the Use of Checks) fees. On December 31, 2012, the ordinary contributions represented a monthly average of R$ 167,866 thousand (R$ 155,992 thousand, on December 31, 2011) and the special contribution (DPGE), represented a monthly average of R$ 21,100 thousand (R$ 18,859 thousand, on December 31, 2011). Collection of RECHEQUE fees, which are charged for processing inclusions and exclusions of entries in the national register of accounts relative to checks returned due to the lack of funds, recorded an average monthly fee of R$ 5,546 thousand (R$ 5,840 thousand, on December 31, 2011). The average monthly amounts from these sources of income was R$ 194,512 thousand (R$ 180,691 thousand, on December 31, 2011), not including financial income.

Collection Incomes - (Monthly average in thousand of Reais)



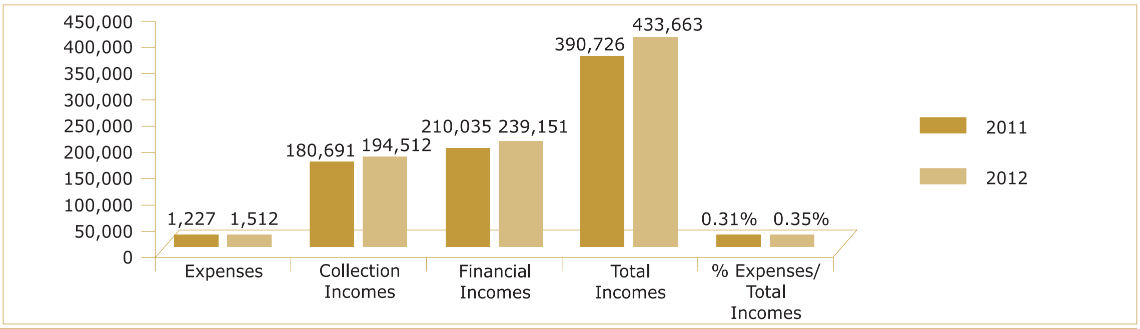
Expenses: The average monthly amounts incurred by the FGC for operational expenses (personnel, overall and administrative expenditures) were R$ 1,512 thousand, equivalent to 0.78% of the average monthly income (R$ 1,227 thousand, equivalent to 0.68% of the monthly average revenues collected in December 31, 2011).

Expenses X Collection Incomes - (Monthly average in thousand of Reais)



Expenses X Collection and Financial Income: Expenses represent 0.35% of total income (0.31%, on December 31, 2011). Monthly average contributions and RECHEQUE fees, in the amount of R$ 194,512 thousand, (R$ 180,691 thousand, on December 31, 2011), plus the monthly average of financial income in the amount of R$ 239,151 thousand (R$ 210,035 thousand, on December 31, 2011), totaling R$ 433,663 thousand (R$ 390,726 thousand, on December 31, 2011) were recorded as income.

Expenses X Collection and Financial Incomes - (Monthly average in thousand of Reais)



Guarantee Provided

In this half-year period, total expenses were R$ 2,980,272 thousand, of which R$61,024 thousand referring to ordinary guarantees and R$ 2,919,248 thousand referring to DPGE guarantees. Special regime institutions whose creditors received the guaranteed amount during the year: Oboé CFI S.A. - under Extrajudicial Liquidation - R$ 11,655 thousand in ordinary guarantees and R$ 1,071 thousand in DPGE; Banco Morada S.A. under Extrajudicial Liquidation - R$ 501 thousand in ordinary guarantees; Banco Brasileiro Comercial S.A. - under Ordinary Liquidation - R$ 20 thousand in ordinary guarantees; Banco Cruzeiro do Sul S.A. - under Extrajudicial Liquidation - R$ 48,848 thousand in ordinary guarantees and R$ 1,882,565 thousand in DPGE; Banco Prosper S.A. – under Extrajudicial Liquidation - R$ 129,911 thousand in DPGE guarantees; Banco BVA - under Intervention - R$ 905,701 thousand in DPGE guarantees.

Recovery of Guarantees Provided

During this fiscal year the total amount of R$ 31,606 thousand was recovered , of which R$ 7,797 thousand through the full granting of Credit Rights from Rótula S.A. CFI - under Extrajudicial Liquidation, R$ 18,843 in FCVS granted by Mercantil Investimentos S.A. successor of Banco Mercantil S.A. - under Extrajudicial Liquidation, R$ 10 from the bankruptcy results of Banco Santos Neves S.A. and R$ 4,956 thousand, related to a project approved by the Central Bank of Brazil, intended to equalize assets and liabilities of institutions under the Conglomate of Bamerindus under Extrajudicial Liquidation, taking into consideration the interests of all parties involved in the intervention/extrajudicial liquidation which has been underway during the past 15 years.

Operating Limit Control for Fund Investment

Development of a system for management and control of financial assistance and support transactions, including liquidity transactions with associated institutions, directly or through companies indicated by them, including their controlling shareholders, in the acquisition of credit rights from financial institutions and lease companies, represented by fixed income securities issued by associated institutions, provided that they are supported by credit rights established or to be established with funds from the respective investments and in related transactions according to Resolution 2,921, dated January 17, 2002.

Operating Limit Control - 2012

	Jul	Ago	Sep	Oct	Nov	Dec
Social Equity (100%)	**32.329**	**32.955**	**31.615**	**30.623**	**31.036**	**31.532**
Operating Limit Total						
Social Equity (75%)	24.247	24.716	23.711	22.967	23.277	23.649
Advances of Contributions (100%)	1.344	1.254	1.164	1.075	985	896
Total Operating Limit	**25.590**	**25.970**	**24.876**	**24.042**	**24.262**	**24.545**
Total Performed Transacrions	**14.830**	**15.636**	**16.075**	**16.191**	**16.057**	**16.807**
Individual Operational Limit						
(Depending on Operating Limit Total Available)						
Social Equity (50%)	16.164	16.477	15.808	15.312	15.518	15.766
Advances of Contributions (100%)	1.344	1.254	1.164	1.075	985	896
Total Individual Limit	**17.508**	**17.731**	**16.972**	**16.386**	**16.503**	**16.662**
Performance Transactions						
Investiment of Funds						
Banks	4.779	4.667	4.657	4.693	4.405	4.971
Financing Companies	34	58	59	54	56	53
Total Application of Funds	**4.813**	**4.725**	**4.716**	**4.748**	**4.461**	**5.024**
Individual Limit Available (Inv. Funds)	**12.695**	**13.006**	**12.256**	**11.639**	**12.043**	**11.638**
Specials Operations						
Banks / Financing Companies	10.017	10.911	11.359	11.444	11.596	11.783
Total Special Operations	**10.017**	**10.911**	**11.359**	**11.444**	**11.596**	**11.783**
Individual Limit Available (Sp. Op.)	**7.491**	**6.821**	**5.613**	**4.943**	**4.907**	**4.879**

System Volumes

Please find below a statistical table comparing the evolution of products and credits subject to guarantees from the FGC.

Total System - Comparison Dec/2011 and Jun/2012 per Bracket

Bracket (Amounts in R$)		**Dec / 2011**				**Dec / 2012**			
		Number of Clients	**% of Total**	**Amounts (R$ Million)**	**% of Total**	**Number of Clients**	**% of Total**	**Amounts (R$ Million)**	**% of Total**
From	**To**								
0.01	5,000.00	155,254,271	89.43%	67,772	4.70%	166,142,440	88.30%	73,201	5.32%
5,000.01	10,000.00	7,012,393	3.71%	49,648	3.50%	7,816,970	4.15%	55,350	4.02%
10,000.01	15,000.00	3,270,552	1.76%	39,905	2.86%	3,679,555	1.96%	44,866	3.26%
15,000.01	20,000.00	1,897,046	1.03%	32,829	2.37%	2,146,031	1.14%	37,106	2.70%
20,000.01	25,000.00	1,306,404	0.71%	29,153	2.11%	1,479,501	0.79%	32,985	2.40%
25,000.01	30,000.00	909,799	0.50%	24,911	1.82%	1,036,899	0.55%	28,355	2.06%
30,000.01	35,000.00	707,040	0.39%	22,897	1.67%	805,051	0.43%	26,033	1.89%
35,000.01	40,000.00	533,561	0.29%	19,975	1.46%	607,396	0.32%	22,708	1.65%
40,000.01	45,000.00	446,558	0.25%	18,948	1.39%	504,833	0.27%	21,388	1.55%
45,000.01	50,000.00	359,421	0.20%	17,074	1.26%	407,676	0.22%	19,331	1.40%
50,000.01	60,000.00	561,126	0.30%	31,110	2.25%	647,213	0.34%	35,325	2.57%
60,000.01	70,000.00	391,996	0.22%	25,583	1.88%	453,290	0.23%	29,320	2.13%
Subtotal up to R$ 70,000.00		**172,650,167**	**98.79%**	**379,805**	**27.27%**	**185,726,855**	**98.71%**	**425,968**	**30.95%**
Subtotal acima de R$ 70,000.00		**2,132,893**	**1.21%**	**952,003**	**72.73%**	**2,435,128**	**1.29%**	**950,478**	**69.05%**
Total Ordinary		**174,783,060**	**100.00%**	**1,331,809**	**100.00%**	**188,161,983**	**100.00%**	**1,376,446**	**100.00%**
Charge Dec/11 to Dec/12						**7.65%**		**3.35%**	
Amount Ordinary Garanteed				**529,108**				**596,427**	
Charge Dec/11 to Dec/12								**12.72%**	

Term Deposit With Special Guarantee - DPGE

Bracket (Amounts in R$)		**Dec / 2011**				**Dec / 2012**			
		Number of Clients	**% of Total**	**Amounts (R$ Million)**	**% of Total**	**Number of Clients**	**% of Total**	**Amounts (R$ Million)**	**% of Total**
From	**To**								
1,000.00	1,000,000.00	2,534	31.42%	1,087	4.11%	2,920	33.69%	1,286	4.65%
1,000,000.01	5,000,000.00	3,792	47.01%	8,895	33.67%	4,000	46.16%	9,495	34.31%
5,000,000.01	10,000,000.00	1,053	13.06%	7,069	26.76%	1,020	11.77%	6,893	24.91%
10,000,000.01	15,000,000.00	481	5.96%	5,859	22.18%	472	5.45%	5,676	20.50%
15,000,000.01	20,000,000.00	206	2.55%	3,508	13.28%	255	2.94%	4,324	15.63%
Subtotal		**8,066**	**100.00%**	**26,418**	**100.00%**	**8,667**	**100.00%**	**27,675**	**100.00%**
Amount Guaranteed - DPGE				**26,418**				**27,675**	
Charge Dec/11 to Dec/12								**4.76%**	
Total		**174.791.126**	**100,00%**	**1,358,226**	**100.00%**	**188,170,650**	**100,00%**	**1,404,121**	**100.00%**
Total Amount Guarantee				**555,526**				**624,102**	
Charge Dec/11 to Dec/12								**12.34%**	

Comparison per Product (R$ Million)

	Dec/2011	% of Total	Dec/2012	% of Total	(Jun-12/ Dec-11)
Savings	420,331	30.95%	496,658	35.37%	18.16%
Demand Deposits	168,869	12.43%	194,726	13.87%	15.31%
Rime Deposits	687,725	50.63%	615,780	43.85%	(10.46%)
D.P.G.E.	26,418	1.95%	27,675	1.97%	4.76%
Deposits Investments	1	0.00%	7	0.00%	471.60%
Mortgage Bills	2,315	0.17%	1,630	0.12%	(29.57%)
Exchange Bills	2,969	0.22%	3,321	0.24%	11.86%
Real State Bills	0	0.00%	230	0.02%	0.00%
Real State Credit Bills	46,489	3.42%	62,383	4.44%	34.19%
Deposit Not Moved by Checks	3,109	0.23%	1,711	0.13%	(44.96%)
Total	**1,358,226**	**100.00%**	**1,404,121**	**100.00%**	**3.38%**

Source: DIFIS/DESIG/DISIC/SUREC (BACEN) and Cetip.

Acknowledgements

We are grateful to our member institutions, the public in general, and the Brazilian monetary authorities for honoring us with their trust. We express herewith our special appreciation to former Council Members José de Menezes Berenguer Neto and Marcos de Barros Lisboa, for their outstanding contribution to FGC's management.

December, 31 — *In Thousands of Reais*

Balance Sheets

Assets

	2012	2011
Current assets		
Banks - Checking accounts	51,946	32,458
Financial investments and securities *(Note 4)*	13,754,934	15,733,977
Contributions receivable *(Note 5)*	95,258	88,772
Other receivables	98,228	39,674
	14,000,366	15,894,881
Noncurrent assets		
Financial investments and securities *(Note 4)*	13,284,606	9,868,351
Notes and credits receivable - FCVS *(Note 6)*	1,138,887	786,380
Other notes and credits receivable *(Note 7)*	4,748,534	4,280,442
	19,172,027	14,935,173
Property and equipment	888	926
Deferred charges	140	62
Total assets	33,173,421	30,831,042

Liabilities

	2012	2011
Current liabilities		
Accounts payable to suppliers	1,722	1,919
Voluntary advances of contributions *(Note 8)*	895,736	1,074,884
Salaries and social charges	174	81
Provisions for DPGE payments	116,062	-
	1,013,694	1,076,884
Noncurrent liabilities		
Other liabilities		
Voluntary advances of contributions *(Note 8)*	-	895,736
Due to third parties *(Note 13.a)*	59,793	54,712
Contractual liabilities and others *(Note 10)*	291,061	273,730
	350,854	1,224,178
Provision for contingencies		
Provision for contingences *(Note 9)*	276,854	276,854
	627,708	1,501,032
Net equity		
Accumulated surplus	31,532,019	28,253,126
Total liabilities	33,173,421	30,831,042

Statement of Surplus and Changes in net Equity

	2012	2011
Statement of income and expenses		
Income (expenses) from collections		
Monthly contributions	2,014,391	1,871,906
DPGE monthly contributions	253,202	226,309
Contributions from RECHEQUE	66,555	70,074
Expenses with collection services	(3,328)	(3,504)
Net income from collections	2,330,820	2,164,785
Operating income (expenses)		
Guarantees provided for subrogated credits *(Note 11.a)*	(3,096,333)	1,192,943
General and administrative expenses	(14,123)	(12,110)
Personnel expenses	(4,017)	(2,612)
Expenses from credits with SFH	(34)	(18)
Other operational income	1,751	28,810
Other operational expenses	(16,146)	(41,538)
Provisions and equity adjustments *(Note 11.b)*	1,260,532	(1,261,508)
Financial expenses *(Note 11.c)*	(28,452)	(33,699)
Financial income *(Note 11.d)*	2,869,810	2,520,415
	3,303,808	4,555,468
Non operational expenses	(24,915)	-
Surplus for the year	3,278,893	4,555,468
Statements of changes in net equity		
Opening balance	28,253,126	23,697,658
Surplus for the year	3,278,893	4,555,468
Closing balance	31,532,019	28,253,126

Demonstrações do Superávit Abrangente

	2012	2011
Surplus for the year	**3,278,893**	**4,555,468**
Others comprehensive income	-	-
Total comprehensive surplus	**3,278,893**	**4,555,468**

Statement of Cash Flows Indirect Method

	2012	2011
Cash flows from operational activities		
Surplus for the year	3,278,893	4,555,468
Adjustments to reconcile the results with the cash and cash equivalents generated from operational activities		
Depreciation and amortization	182	146
Variations in assets and liabilities		
(Increase) in contributions receivable	(6,486)	(26,227)
(Increase) in other notes and credits receivable	(526,646)	(3,361,014)
(Increase) in financial investments and securities	(3,416,255)	(9,500,655)
(Increase)/decrease in notes and credits receivable - FCVS	(352,507)	18,955
(Decrease) in accounts payable to suppliers	(197)	158
Increase in salaries and social charges	93	36
(Decrease) in other liabilities	-	(1,300,000)
Increase in provisions for DPGE payments	116,061	-
(Decrease) in voluntary advances of contributions	(1,074,883)	(1,074,884)
Increase in due to third parties	5,081	8,090
Increase in contractual liabilities	17,331	244,353
(Decrease) in provision for contingencies	-	(49,646)
Net cash generated from operational activities	(1,959,333)	(10,485,220)
Cash flows from investment activities		
Acquisition of fixed assets	(222)	(228)
Net cash applied in investment activities	(222)	(228)
Increase/(Decrease) in cash and cash equivalents	(1,959,555)	(10,485,448)
Changes in net cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	15,766,435	26,251,883
Cash and cash equivalents at the end of the year	13,806,880	15,766,435
Increase/(Decrease) in cash and cash equivalents	(1,959,555)	(10,485,448)

See the accompanying notes to the financial statements.

1 Operations

The Fundo Garantidor de Créditos - FGC, is a not-for-profit civil association in the legal form of private rights, governed in accordance with the terms of Resolution 4,087, of May 24, 2012 issued by the National Monetary Council (CMN) and by legal and regulatory provisions. It is exempt from income tax and social contribution on any surplus, as set forth in article 4 of Law 9,710/98, and its objectives are to:

i. Protect depositors and investors in the financial system, up to limits established by regulation.

ii. Contribute to the maintenance of the stability of the National Financial System.

iii. Contribute to the prevention of systemic banking crisis.

The FGC's associated members comprise the Caixa Econômica Federal and institutions established as multiple service banks, commercial banks, investment banks, development banks, credit, financing and investment companies, real estate credit companies, mortgage companies and savings and loan associations operating in Brazil, which:

a. Receive demand deposits, in savings accounts or time deposits.

b. Accept bills of exchange.

c. Raise funds through the issuance and placement of real estate bonds, mortgage bonds or real estate credit bonds.

d. Raise funds through repurchase agreements linked to securities issued by a related company.

The FGC's purpose is to provide assurance to depositors of its member institutions in the following situations:

a. Decree of intervention or extrajudicial liquidation of the member institution.

b. Recognition, by the Central Bank of Brazil (Bacen) of the state of insolvency of a member institution which, pursuant to prevailing legislation, is not subject to the regimes referred to in item (a). A further activity of the FGC, in order to meet the objectives identified in items ii) and iii) above, is the provision of financial assistance or support, including in the form of liquidity operations with associated institutions, directly or through companies indicated by them, including with their controlling shareholders.

These transactions may be contracted for the purpose of promoting the transfer of shareholder control or the transformation, merger, spin-off of the institution or any other form of corporate reorganization legally permitted that would be in the interest of the associated institutions.

These transactions will comply with the following limits calculated based on net equity plus the amount of any liabilities arising from the anticipation of ordinary contributions by associated institutions as per the monthly trial balance or the FGC's semi-annual balance sheet:

i. Up to 25% (twenty-five percent) for all operations realized with one associated institution or all the associated institutions of the same financial group.

ii. Up to 50% (fifty percent) for all operations.

Any such transaction will only be entered into when:

i. The Brazilian Central Bank recognises that there is a special situation that is not one of those in which the FGC normally operates; and

ii. It has the express authorization of FGC Board of Directors.

Provided that it complies with the criteria, limits, diversification requirements, operating format and contractual clauses established by the Board of Directors, the FGC may invest funds, up to the global limit of 50% (fifty percent) of net equity plus the amount of any liabilities arising from the anticipation of regular contributions by associated institutions as per the FGC monthly trial balance or annual balance sheet, in:

i. The purchase of credit rights from financial institutions or leasing companies;

ii. The purchase of fixed income securities issued by associated institutions, provided that they are collateralised by credit rights originated or to be originated with the funding received; or

iii. Linked transactions in conformity with Resolution 2,921, of January 17, 2002.

The FGC may invest funds up to a global limit of 75% (seventy-five percent) of net equity plus the amount of any liabilities arising from the anticipation of regular contributions by associated institutions as per the FGC monthly trial balance or annual balance sheet, across all of the operations that are described in Articles 4 and 5 of the Statute.

Presented below is the amount of the fund's equity that is invested in associated companies that, as determined by the structure of the transaction, may be classified in the line 'Other notes and credits receivable' and/or 'financial investments and securities':

Description	**R$**
(A) - Net equity	31,532,019
(B) - 75% of net equity - (**A**)	23,649,014
(C) - Voluntary advances of contributions	895,736
(D) = (**B**) + (**C**)	24,544,750
Amounts linked to transactions	
Financial investments and securities	12,153,855
Others notes and credits receivable	4,803,469
Highly-liquid transactions	(149,881)
(E) – Total	16,807,443
(F) – Use of net equity - (F = E/D)	68%

For an individual or legal entity the FGC guarantees up to R$ 70 (seventy thousand Reais) of amounts deposited with an institution or, in the case of a financial group, all of the institutions within that group.
Associations, condominiums, cooperatives, groups or consortium managers, pension plan entities, insurance companies, capitalization entities and other entities and associations without a legal personality and similar entities have up to R$ 70 (seventy thousand Reais) of the assets held with entities in the same financial conglomerate guaranteed.

On July 26, 2012 Resolution 4,115 was issued which altered Resolution 4,087, of May 24, 2012, which includes the articles of association and regulation of the FGC, and altered and consolidated the rules and regulations relating to the issue of time deposits with special guarantee provided by the FGC, defining two different products - DPGE without pledge, which has scheduled decreases in limits that will render the product extinct in 2016, and a new product, the Deposits with Special Guarantee of FGC with Pledge of Receivables from credit transactions or from leases originated by the issuing institution, which, once used for funding, inhibits the institution from obtaining funding using DPGEs without pledge.

In order to qualify for this special guarantee of deposits, under which receivables from loans and lease must be pledged to the FGC, the associated institutions must pay to the FGC a special contribution equivalent to the sum of the following amounts:

0.02497% per month (two thousand, four hundred and ninety-seven hundredth thousandth percent per month) of the balance of time deposits with Special Guarantee (DPGE) with pledge.

Receivables granted to the FGC as guarantees must be registered in registration and financial settlement systems. DPGE with or without receivable pledge must have a term of at least twelve months and a maximum of thirty six months. The FGC will guarantee a maximum value of R$ 20,000 (twenty million of reais) per CPF or CNPJ.

Funding under this new modality of DPGE with pledge of receivables began in December 2012.

As determined in its bylaws and regulatory provisions the funds to finance the guarantees which the FGC provides, are derived from:

- Regular and special contributions from the associated institutions, based on the amounts of the accounts and underlying financing instruments that are the object of the FGC guarantee as at the last day of each month;
- Service fees from the issuance of checks with insufficient funds;
- Recoveries of credits rights which the FGC has obtained as a result of paying the debts related to guaranteed credits of associated institutions;
- Net result from other services provided by the FGC and earnings from financial investments;
- Remuneration and charges corresponding to the receipt of amounts owed due to liquidity operations transacted with associated institutions, directly or through companies indicated by them, including with controlling shareholders;
- Income from other sources.

The percentage rate for regular contribution made by institutions associated to the FGC is fixed by the Board of Directors through a specific request, duly justified and presented to the Central Bank of Brazil to be examined and submitted to the CMN for final authorization. The CMN, through Resolution 4,087/ 12, maintained the contribution on ordinary guarantees at 0.0125% per month and the special contribution at 0.0833% per month for the associated institutions that opt to raise funds through DPGEs.

2 Presentation of the Financial Statements

The financial statements were prepared in accordance with accounting practices adopted in Brazil, including the pronouncements of the Accounting Pronouncement Committee (CPC) (in line with the convergence to International Financial Reporting Standards - IFRS). In the preparation of the financial statements we used estimates and assumptions, including the measurement of securities and receivables at fair value; the provision for credit risk on mortgage certificate receivables, credits with the Wages Variations Compensation Fund - FCVS, credits with the Transferor Real Estate Loan Societies and credits with financial institutions undergoing extrajudicial liquidation; and the provision for contingencies arising mainly from contracts with co-obligation. These assumptions and estimates are reviewed periodically by Management.

Determination of surplus

The surplus is recognized on an accruals basis and ordinary contributions are recognized on a monthly basis by the 25th day of each month, when the amounts are known. When credits that have been written off as losses and registered in off-balance sheet accounts are subsequently renegotiated, the balances return to the balance sheet with the respective provision. The amounts are recognized in the statement of income and expenses only when effectively received and/or in the case of the credits received in lieu of payment from the FCVS on validation by Caixa Econômica Federal.

Cash and cash equivalents

Include cash accounts and short term, highly liquid investments, with maturities not exceeding 90 days from the acquisition date, which are readily convertible to a known amount of cash and subject to an insignificant risk of any change in value.

Financial instruments

Classification and measurement

The accounting principles adopted by the FGC allow financial instruments to be classified in one of the following categories: **(i)** held for trading; **(ii)** loans and receivables; **(iii)** held to maturity; and **(iv)** available for sale. The classification depends on the origin of the instruments or the purpose for which the financial instruments were acquired. The classification of financial instruments is made at the time of initial recognition of the operation.

i. Held for trading

These financial assets and liabilities are stated at fair value, and are held for the purpose of active and frequent trading operations.

The assets and liabilities in this category are classified as current assets or liabilities. Any gains or losses arising from the variations of fair value of the held for trading instruments are recognized in the statement of surplus for the period.

ii. Loans and receivables

This category includes receivables that are financial assets with fixed or calculable payments and are not quoted in an active market. These financial assets are recorded as current assets, except when their maturity date is 12 months subsequent to the balance sheet date when they are classified as non-current assets. They are recorded at amortized cost, using the effective interest rate method.

iii. Held to maturity

Financial assets acquired with the intention and financial capacity to hold them in the portfolio until maturity. They are valued at acquisition cost and any income earned on these instruments is recognized in the statement of surplus for the period.

iv. Available for sale

Financial assets that are not classified in any other category are included in this category. They are registered as non-current assets unless Management intends to sell the investment within 12 months of the balance sheet date. Financial assets classified as available for sale are stated at fair value. Interest on securities available for sale, calculated using the effective interest rate method, is recognized in the statement of surplus as financial income. Variation in the fair value of the instruments is recorded in equity, as a valuation adjustment, and transferred to the statement of surplus when the investments are liquidated or when a loss considered to be permanent is incurred.

Fair value

The fair values of financial instruments with public quotations are based on the existing purchase prices. For financial assets without an active market, or public quotation, the FGC analyzes the fair value using valuation techniques. These techniques include: (a) the use of recent transactions with third parties; (b) reference to other instruments that are substantially similar; and (c) analysis of discounted cash flows; these techniques use, to the fullest extent possible, information available from the market.

If there is objective evidence that a financial asset or group of financial assets is impaired, a fair-value adjustment provision is established based on the difference between the interest rates of the relevant assets and the interest rates negotiated in the market for assets with similar risk characteristics. The present value adjustment for FCVS credits is calculated based on the net value of these assets at the balance sheet date, which includes the total value of credits receivable.

Allowance for doubtful receivables

The allowance for doubtful receivables is recorded based on information available at the balance sheet date, and is considered sufficient by Management to cover probable losses, based on the following policies:

- **Allowance for credits with FCVS -** Recorded based on expected defaults of the credits and the feasible economic ability of counterparties to honour these amounts and also the effects of Decree 97,222/88 and Law 10,150/00;
- **Allowance for credits with on-lending real estate credit companies -** Recorded based on the expected loss from recovering these credits, considering the ability of the debtors to make the payments; and

- **Allowance for losses on mortgage certificates and contracts -** Recorded based on information obtained from the counterparties, considering, individually, the level of arrears of instalment payments and the balances not covered by the FCVS.

Property and equipment and deferred charges

Originally recorded at cost. Depreciation is provided using the straight-line method at the annual rates that take into account the estimated useful lives of the assets.

Current and long-term liabilities

Stated at known or estimated amounts, plus, when applicable, the corresponding charges and monetary variations incurred.

Provision for contingencies

Contingent assets are recognized only when there is valid evidence that the assets will be realized, and for which no more appeals can be made. Contingent liabilities, both judicial and legal, are classified by management, based on information from legal advisors, in one of the following categories: possible; probable; or remote, and provisions are registered for those contingences that can be measured and are classified as having a probable likelihood of loss. The contingent liabilities, both judicial and legal, classified as having a possible likelihood of loss, are disclosed.

4 Financial Investments and Securities

a. Composition of financial investments and securities

The financial investments and securities held are classified as available for sale and in December 31, consisted of the following:

	2012	2011
Reverse repurchase agreements (i)		
Banco do Brasil S.A.	6,025,469	8,599,198
Caixa Econômica Federal	3,884,841	3,879,783
Banco Bradesco S.A. (for third parties)	26,192	23,095
Banco Itaú S.A. (for third parties)	42,511	37,411
	9,979,013	12,539,487
Bank Deposit Certificate		
Bank Deposit Certificate – CDB	330,128	304,286
	330,128	304,286
Public Federal Bills		
CVS **(ii)**	95,273	101,780
	95,273	101,780
Shares to pay third parties		
Shares to pay third parties **(iii)**	7,218	9,566
	7,218	9,566
Subordinated Financial Bills	5,031,479	3,484,298
Subordinated Financial Bills	5,031,479	3,484,298
Investment fund units		
Investment fund (note 4.c)	11,596,429	9,162,911
Total	27,039,540	25,602,328

(i) Operations backed by federal government bonds and remunerated at floating rates identical to the remuneration for the daily average CDI and Selic rates;

(ii) Securities arising from the conversion of credits with the FCVS into CVS securities;

(iii) Shares are valued based on the BM&F Bovespa S.A. - Bolsa de Valores, Mercadorias e Futuros quote for the most recent trading day.

b. Segregation of current and noncurrent financial investments and securities

Financial investments and securities becoming available or maturing within 360 days are classified as current assets, while those with maturities exceeding 361 days are classified as noncurrent assets, as shown in aggregate below:

	2012	2011
Current assets	13,754,934	15,733,977
Noncurrent assets	13,284,606	9,868,351

The movement seen in current and non-current assets is the result of a reclassification of investment fund portfolios from current to non-current assets. Although these assets have immediate liquidity (CDBs secured by receivables), Executive Management elected to segregate them in order to distinguish between liquid resources and potentially liquid resources. Below is a breakdown of cash and cash equivalents with immediate availability:

Description	**2012**	**2011**
Banks – Checking accounts	51,946	32,458
Financial investments – Reverse repurchase agreements	9,910,310	12,478,981
Financial investments - Investment funds (i)	3,844,624	3,254,996
Total	13,806,880	15,766,435

(i) Financial investments consisting of the funds BB FGC Fundo de Investimento RF LP, Himalaia RF CP - Fundo de Investimento and Top 497 RF – Fundo de Investimento.

c. Composition of investment fund portfolios

These are exclusive investment funds investing in federal government bonds, funds of credit receivables, Bills of Exchange, Financial Bills (classified as held to maturity) and Bank Deposit Certificates (collateralized by credit rights). An analytical breakdown of these fund portfolios is provided below:

FI - Fundo de Investimento Multimercado

Crédito Privado	Assets/(Liabilities)/2012	Assets/(Liabilities)/2011
Cash and cash equivalents	1	1
National Treasury Bills	108,791	-
Units of funds of credit receivables	2,968,883	1,221,144
Bank Deposit Certificate	7,097	5,838
National Treasury Notes	-	226,238
Others	-	474
(-) Provision for payables	(94)	(53)
(-) Amounts payable to fund managers	(85)	(43)
Total fund portfolio	3,084,593	1,453,599

Omega - Fundo de Investimento Multimercado

Crédito Privado	Assets/(Liabilities)/2012	Assets/(Liabilities)/2011
Cash and cash equivalents	1	1
National Treasury Bills	1,270	-
Bank Deposit Certificate	2,562,256	2,086,076
National Treasury Notes	-	629,592
Bills of Exchange	33,714	60,510
(-) Provision for payables	(107)	(126)
(-) Amounts payable to fund managers	(100)	(121)
Total fund portfolio	2,597,034	2,775,932

Gama - Fundo de Investimento Multimercado

Crédito Privado	Assets/(Liabilities)/2012	Assets/(Liabilities)/2011
Cash and cash equivalents	1	1
National Treasury Bills	39,816	-
National Treasury Notes	-	105,182
Bank Deposit Certificate	1,999,084	1,466,216
Bills of Exchange	19,731	2,136
(-) Provision for payables	(90)	(78)
(-) Amounts payable to fund managers	(82)	(68)
Total fund portfolio	2,058,460	1,573,389

BB FGC Fundo de Investimento em Renda Fixa

LP	Assets/(Liabilities)/2012	Assets/(Liabilities)/2011
Cash and cash equivalents	8	1
National Treasury Bills	114,322	70,468
Financial Treasury Bills	1,415,083	1,101,423
National Treasury Bills	49,986	-
(-) Provision for payables	(7)	(6)
(-) Amounts payable to fund managers	(74)	(61)
Total fund portfolio	1,579,318	1,171,825

BBB (Himalaia) R F Crédito Privado - Fundo de Investimento

	Assets/(Liabilities)/2012	Assets/(Liabilities)/2011
Cash and cash equivalents	2	4
Financial Treasury Bills	1,462,036	1,216,081
National Treasury Bills	399,999	97,934
National Treasury Notes	113,873	457,407
LFT – floating	-	45,054
(-) Provision for payables	(8)	(1)
(-) Amounts payable to fund managers	(125)	(126)
Total fund portfolio	1,975,777	1,816,353

Top 497 Renda Fixa - Fundo de Investimento

	Assets/(Liabilities)/2012	Assets/(Liabilities)/2011
Cash and cash equivalents	3	5
National Treasury Bills	289.552	14.372
Financial Treasury Bills	-	173.924
National Treasury Notes	-	69.298
LFT – floating	-	9.243
(-) Provision for payables	(4)	(1)
(-) Amounts payable to fund managers	(23)	(23)
Total fund portfolio	289.528	266.818

d. Custody of securities, shares and investment fund quotas

The public securities are held by the custodians System for Settlement and Custody - Selic and CETIP S.A. - Mercados Organizados; private securities (CDBs) are held with CETIP; shares are held with Banco Bradesco S.A. and the investment fund units are held with the respective administrators.

5 Contributions Receivable

The ordinary monthly contributions and those that refer to time deposits with special guarantee - DPGE from FGC member institutions are reported to Banco do Brasil S.A. by the 15th day of the month subsequent to the base month of the calculation and are received on the first working day of the month subsequent to the month in which the information was received. The balance of contributions receivable at December 31, 2012 was R$ 95,258 (2011 - R$ 88,772).

6 Notes and Credits Receivable - FCVS

Notes and receivables, classified as loansand receivables, are as follows:

	Value at 31.12.2012	Provision for Doubtful receivables	Provision for Market value adjustment	Net value at 31.12.2012	Net value at 31.12.2011
Mortgage certificates	3,576	(1,642)	-	1,934	2,024
Mortgaged contracts	14,979	(4,297)	-	10,682	11,564
Credits with FCVS					
Pre-novated **(i)**	264,660	-	-	264,660	205,478
Ratified **(i)**	595,755	-	-	595,755	369,530
Validated **(i)**	373,868	-	-	373,868	383,082
To be validated **(i)**	8,878	-	-	8,878	17,781
Provision for adjustment to fair value	-	-	(93,571)	(93,571)	(149,210)
Allowance for doubtful receivables	-	(124,681)	-	(124,681)	(149,767)
Credits with FCVS to be defined	27,173	(27,173)	-	-	-
Credits with real estate credit companies	204,303	(107,116)	-	97,187	90,670
Securities and receivables	4,175	-	-	4,175	5,228
Total in 2011					786,380
Total in 2012	1,497,367	(264,909)	(93,571)	1,138,887	

(i) The variation in the account balances can be attributed to the effects of the adjustment in the valuation of the credit conversion processes with FCVS. Loan novations during the year and the interest on and amortization of the CVS securities portfolio resulted in the receipt of R$ 12,122 in 2012 (2011 - R$ 51,714).

7 Other Notes and Credits Receivable

Refers to special financial aid transactions given by the FGC to associated institutions, largely earning interest at the TMS rate (average Selic rate), for company reorganizations, capital increases and to guarantee liquidity, providing protection to the financial system and small savings account holders.

8 Voluntary Advances of Contributions

In accordance with Circular 3,416 of October 24, 2008, issued by the Central Bank of Brazil, associated institutions made an advance of 60 (sixty) times the value of the ordinary contribution to the FGC, based on the amounts at August 2008. The advance will be deducted on a monthly basis over the number of months equivalent to the number of monthly advances made. At December 31, 2012, the balance for voluntary advances of contributions amounted to R$ 895,736 (2011 - R$ 1,970,620).

9 Provision for Contingencies

The movement in the provision for contingencies is presented below:

Description	**2012**	**2011**
Contingencies	276,854	276,854
Total	276,854	276,854

The provision for contingencies is established according to the FGC's best estimates. Contingencies are substantially related to adjustments of positions with Sociedade de Crédito Imobiliário and Associação de Poupança e Empréstimo (onlending entities).

10 Contract Obligations

The FGC assumed the credits held by Caixa Econômica Federal against Banco Bamerindus do Brasil S.A. – In Extra-Judicial Liquidation deriving from the Contract for Onerous Granting of Credits, Consolidation, Acknowledgment and Payment of Debts, Acquisition of Assets and Other Covenants, in which it committed to make this single payment in a maximum of five years, allowing for extraordinary amortizations R$ 291,061(2011 – R$ 273,730).

11 Operating Income (Expenses)

a. On guarantees for subrogated receivables

Institutions	**Guarantees provided**	**Recovery Guarantees**
Banco Bamerindus do Brasil S.A. – E.L.E.	-	3,871
Banco Santos Neves S.A.	-	10
Rótula S.A. – CFI	-	7,797
Banco Santos S.A.	20	-
Banco Morada S.A. – E.L.E.	501	-
Oboé CFI S.A. – E.L.E.	12,725	-
Banco Cruzeiro do Sul S.A. – E.L.E.	1,943,092	-
Banco Prosper S.A. – E.L.E.	129,911	-
Banco BVA S.A. – Sob Intervenção	1,021,762	-
Total	3,108,011	11,678

b. Provisions and equity adjustments

Description	**2012**	**2011**
Net effect of the movements from allowance for doubtful receivables	8.541	7.326
Effect from adjustment to present value of notes and credit receivables	55.638	(11.173)
Loss in special operations	(24.440)	-
Provision for civil contingencies	-	(1.633)
Provision for adjustment to fair value of subordinated financial bills (a)	1.220.793	(1.256.028)
Total	1.260.532	(1.261.508)

(a) The adjustment to present value of financial bills includes the equalization of the nominal income of these bills to the standard FGC return on assets, which is the average Selic rate.

c. Financial expenses

Description	2012	2011
Interest and inflation restatement		
- Contractual liabilities	(17,606)	(19,441)
Others	(10,846)	(14,258)
Total	(28,452)	(33,699)

d. Financial income

Description	2012	2011
Income from financial investments	2,233,356	2,071,455
Inflation restatement of credits with FCVS	202,363	83,095
Others	434,091	365,865
Total	2,869,810	2,520,415

12 Risk Management

Risk management is the responsibility of the FGC's executive management and substantially involves credit risk, market risk and liquidity risk.

Credit risk

Credit risk refers to the possibility of losses being incurred as a result of borrowers or counterparties failing to honour their financial obligations as agreed and of a fall in the value of a contract as a result of the downgrading of borrowers' risk ratings. Our general policy and rules on extending credit are established in our Bylaws and Internal Regulations, and include standards, procedures and parameters intended to mitigate credit risk. At the FGC, considering our particularities and especially our essential role in ensuring the liquidity of the financial system, credit formalization and monitoring is strictly managed in accordance with pre-established rules, particularly in relation to the provision and formalization of guarantees.

Market risk

Market risk is the possibility of financial losses being incurred due to fluctuation in the pricing and interest rates of financial instruments, since asset and liability portfolios can have mismatches in terms of maturities, currencies and indexes. Executive Management is responsible for assessing these risks, although the risk exposure inherent in our business is low considering that there are no currency and maturity mismatches or transactions made with floating rates.

Liquidity risk

Liquidity risk arises from mismatches between the maturities of assets and liabilities, which could render us incapable of meeting our obligations as they fall due. The measures available to mitigate and control these risks are as follows: Available funds are invested exclusively in federal government bonds. In the operations termed "Resource Application" which aim to provide liquidity, FGC purchases CDBs from borrowers and receives in guarantee small ticket receivables with pre-selected ratings.

13 Other Information

a. The FGC, acting as the commission agent, in an extra-judicial settlement, made a Public Offer for acquiring unsecured credits, offering the creditors of Banco BMD S.A, BMD S.A. Corretora de Câmbio e Valores Mobiliários, BMD S.A. Distribuidora de Títulos e Valores Mobiliários, BMD Leasing S.A. and BMD S.A. Serviços Técnicos e Administrativos, companies from the BMD Group, the opportunity to assign 100% of their credit rights in the respective assets, and, consequently, made a payment of R$ 180,369, and registered a balance outstanding of R$ 59,793 registered in the line Due to third parties, representing the creditors that opted to defer the receipt of the amount, with financial settlement on December 14, 2016 and those that had not formalized their adhesion to the offer, by December 31, 2012. In addition to the amount above, for the third party payments, the FGC received shares from BM&FBovespa S.A. – Securities, Commodities and Future exchange, allocated for payment of the creditors of BMD S.A. Corretora de Câmbio e Valores Mobiliários that had formalized their adhesion to the offer requesting immediate payment. At the end of 2012, the value of these shares amounted to R$ 7,218.

b. The FGC keeps a record in off-balance sheet accounts of payments for expenses with credit guarantees to clients of financial institutions, for which extrajudicial liquidation or intervention has been decreed, net of recoveries and at historic amounts, with the accumulated amount up to December 31, 2012 being R$ 2,532,240 (2011- R$ 2,122,758) for ordinary guarantees and R$ 3,157,055 (2011 - R$ 245,605) for DPGE-related special guarantees. It also has a record in memorandum accounts, of possible loan losses originating from the extinct FGDLI, valued up to the date of the takeover of FGDLI, by the FGC, for the amount of R$ 522,230 (2011 - R$ 543,814).

BOARD OF DIRECTORS

Members	***Alternates***
President - Gabriel Jorge Ferreira	Carlos Alberto Vieira
Alexandre Corrêa Abreu	
Paulo Guilherme Monteiro Lobato Ribeiro	
Julio de Siqueira Carvalho de Araujo	Jorge Fontes Hereda

FISCAL COUNCIL

Members	***Alternates***
Helio Ribeiro Duarte	
Manoel Felix Cintra Neto	Tito Enrique da Silva Neto

EXECUTIVE DIRECTION

Antonio Carlos Bueno de Camargo Silva
Executive Director

Celso Antunes da Costa
Director

Luiz Armando Guarnieri - Accountant CRC 1SP 124.082/O-8

Fiscal Council Report

At a meeting at 5 PM on March 11, 2013 at the head offices at the address Av. Brigadeiro Faria Lima, 201 - 12º andar, São Paulo, Brazil, the undersigned members of the Audit Committee of Fundo Garantidor de Créditos - FGC, through the legal and statutory powers vested in them, examined the Management Report, Balance Sheets and respective Statements of Surpluses and Changes in Shareholders´ Equity and Cash Flows for the 2012 financial year, in addition to the main accounting practices and other notes to the financial statements. In view of the unqualified opinion issued by KPMG Auditores Independentes, the members are of the opinion that the aforesaid documents fairly present, in all material respects, the financial position of Fundo Garantidor de Créditos - FGC in accordance with the accounting practices adopted in Brazil, therefore recommending they be approved by the Board of Directors of FGC.

São Paulo, March, 11 de 2013.
Helio Ribeiro Duarte
Manoel Felix Cintra Neto

Independent Auditors' Report on the Financial Statements

TTo
The Board of Directors and Executive Directors of
Fundo Garantidor de Créditos - FGC
São Paulo - SP

We have examined the financial statements of the Fundo Garantidor de Créditos - FGC, which include the balance sheet at December 31, 2012 and the related statements of income, surplus and changes in net equity, statements of comprehensive incomes and cash flows, for the half-year then ended, and a summary of the main accounting practices and other notes to the financial statements.

Management's responsibility for the financial statements

Management of the Fundo Garantidor de Créditos - FGC is responsible for the preparation and adequate presentation of these financial statements in accordance with accounting practices adopted in Brazil, as well as for the internal controls that they consider necessary to ensure the financial statements are prepared free of significant distortions, irrespective of whether or not these are caused by fraud or errors.

The responsibility of the independent auditors

Our responsibility is to express an opinion on these financial statements based on our audit, undertaken in accordance with Brazilian and international auditing standards. These standards require compliance with ethical requirements by the auditors and that the audit be planned and executed with the objective of obtaining reasonable assurance that the financial statements are free from material distortions.

An audit involves the execution of procedures selected to obtain evidence for the values and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including an evaluation of the risks of significant distortions in the financial statements, irrespective of whether these are caused by fraud or errors. For this risk evaluation the auditor considers the Fundo Garantidor de Créditos - FGC's internal controls relevant for the preparation and adequate presentation of the financial statements to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the effectiveness of the Fundo Garantidor de Créditos - FGC's internal controls. An audit also includes an evaluation of the adequacy of the accounting practices adopted and the reasonableness of the accounting estimates made by management, and an evaluation of the presentation of the financial statements taken as a whole.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of the Fundo Garantidor de Créditos - FGC as at December 31, 2012, the results of its operations, and its cash flows for the half-year then ended, in conformity with accounting practices adopted in Brazil.

São Paulo, March 6, 2013.

KPMG

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by
Ricardo Anhesini Souza
Accountant CRC 1SP152233/O-6